

SPEECH OUTLINE TO ATTORNEYS AT NORTHERN TRUST ROUNDTABLE

SEGMENT #1 of 3:

What is Risk Management?

Most often, people think of the word “insurance”- Yet, the subject is so much broader than just “insurance”.

To answer the question of “What is Risk Management?”, it is helpful to define the concept of: “Risk Control”:

Risk Control can best be defined as “any conscious action (or decision not to act) that reduces the frequency, severity, or unpredictability of accidental losses”.

Then, the question: “What is risk management?” can be answered by looking at the different forms and methods of:

RISK CONTROL TECHNIQUES: The primary categories include:

- EXPOSURE AVOIDANCE
- LOSS PREVENTION
- LOSS REDUCTION
- SEGREGATION OF LOSS EXPOSURE UNITS BY
 1. separating loss exposure units or
 2. duplicating loss exposure units
- CONTRACTUAL TRANSFER OF RISK CONTROL:
 1. “hold harmless” agreement
 2. “indemnification” agreement
 3. Insurance policy transfer
 4. Captive or rent-a-captive.

END OF TOPIC

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